



June 6, 2001

Health


Spending on Prescription Drugs Is Likely


Associated Press


TRENTON, N.J. -- U.S. spending on prescription medications likely

Merck-Medco, the country's biggest manager of prescription drug plans.

Just over half of the increase will be from increased spending on two categories of drugs: cardiovascular medicines, including those for controlling cholesterol and blood pressure; and central nervous system drugs, including those for pain, arthritis, and depression and other psychiatric disorders.

 Three Governors Announce Prescription-Purchase Pool (May 25)

 Drug Firms Enjoy Soaring Profits As U.S. Prescription-Drug Sales Rise (April 26)

 Health-Care Spending Speeds Up Again, Mostly Due to Prescription-Drug Costs (March 12)

A surprise in the report, which was released Wednesday, is that the expected trend is fueled not by senior citizens, but by Baby Boomers developing chronic health problems like heart disease and gastrointestinal disorders.

"While it's definitely true that older people tend to have higher drug costs, ... the rate of growth in prescription drug spending is highest in people aged 40 to 55," said Glen Stettin, vice president of clinical products for

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benefits for nearly one in four Americans.

The company also determined that spending on prescriptions among Merck-Medco clients rose 14% last year. The report did not disclose total spending on medications by all of Merck-Medco's customers.

The rate of increased spending was lowest in the 65 to 79 age group, but that group's average cost per member for prescription drugs was the highest, nearly \$1,400 a year. Mr. Stettin expects spending to rise 15%

administers.

Unlike years ago, many patients with chronic conditions such as heart disease are taking multiple medicines, rather than just one or two, Mr. Stettin said Tuesday. Another reason for increased spending is higher prices for some widely used drugs. "A lot of the newer drugs, they're

expensive," Mr. Stettin said.

Some relief is in sight, however, according to Mr. Stettin, "In the next three to five years, there will be patent expirations for brand-name drugs representing \$20 billion in annual sales." Generic drugs, which generally cost a third to a half as much as brand names, will soon be competing with those losing patent protection.

Merck-Medco, a subsidiary of drug maker [Merck & Co.](#), administers employers such as [General Motors](#) Corp. and the [United Parcel Service](#).

The company handles electronic payment and approvals for purchases at retail pharmacies for 65 million Americans. It also operates a mail order prescription business for those customers.



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